HOUSING MARKET INFORMATION

RENTAL MARKET REPORT

Newfoundland and Labrador Highlights*

CANADA MORTGAGE AND HOUSING CORPORATION

Date Released: Fall 2011

Figure 1

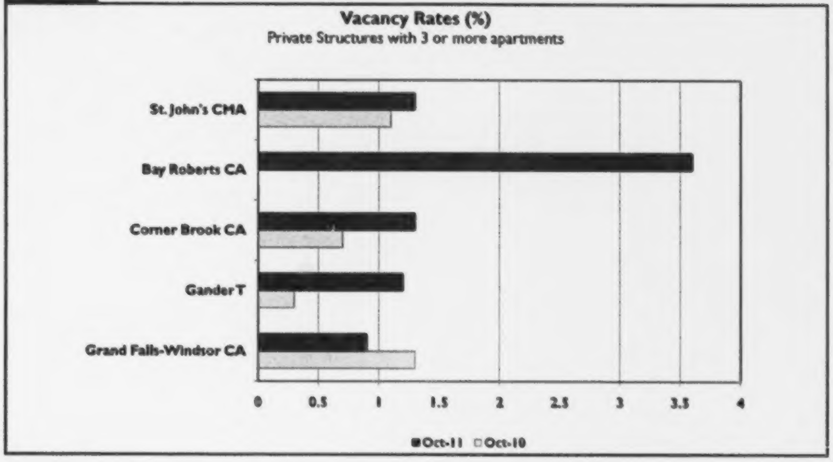
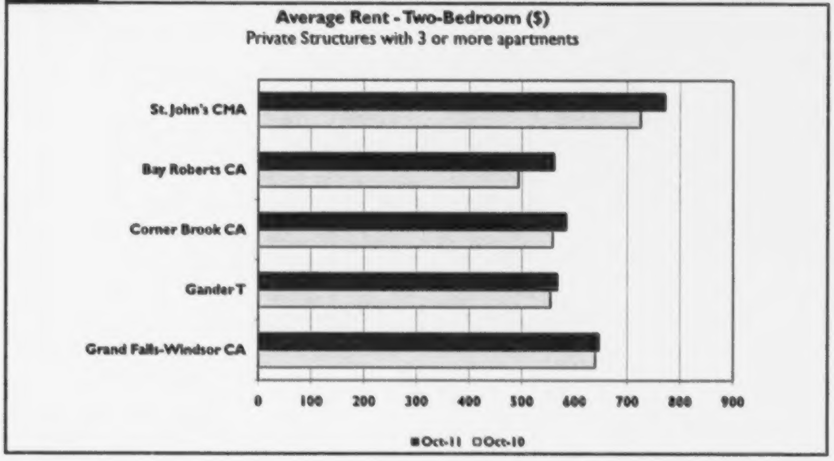


Figure 2



Little Change in Newfoundland and Labrador Vacancy Rates

- The Newfoundland and Labrador (NL) vacancy rate[1] increased from 1.0 per cent to 1.3 per cent in October 2011.
- Solid economic fundamentals kept vacancies low in the St. John's CMA, with the vacancy rate increasing to 1.3 per cent from 1.1 per cent last year.
- Grand Falls-Windsor CA had the lowest vacancy rate at 0.9 per cent.
- Average two bedroom rent was $701 across the five urban centres[2] surveyed.

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Overview

According to the CMHC Fall Rental Market Survey conducted in October 2011, the overall vacancy rate showed little change in provincial urban centres. The overall vacancy rate increased from 1.0 per cent to 1.3 per cent in October 2011. The vacancy rate was highest in Bay Roberts, while the lowest vacancy rate recorded was in Grand Falls-Windsor. As expected, average rents were highest within St. John's, with Bay Roberts posting the lowest rents.

The St. John's rental market also posted a vacancy rate of 1.3 per cent in October 2011, increasing from 1.1 per cent last year. With record employment and income growth attracting people to the region, population growth continued to create rental demand, as recent immigrants tend to rent prior to moving to homeownership. High home prices and a solid economy also supported demand for rental units in 2011. These factors, coupled with limited new rental supply, continued to keep the vacancy rate low.

In central NL, Grand Falls-Windsor posted the province's lowest vacancy rate of 0.9 per cent in October, a decline over last year's vacancy rate of 1.3 per cent. With a focus on economic development, the central town's economy has performed very well recently, despite the closure of the Abitibi pulp and paper mill.

Gander posted a vacancy rate of 1.2 per cent this fall, up from the 0.3 per cent rate posted last year. This centrally located service hub continues to be impacted by its steady labour market, record residential and commercial construction activity, and its international airport.

With its hospital, university and a relatively stable economy, Corner Brook posted a vacancy rate of 1.3 per cent, up from 0.7 per cent a year ago. This western regional hub has benefitted in recent years from a significant increase in government infrastructure spending and numerous capital projects such as the new court house, university improvements and new long-term care facility. The above average vacancy rate in Bay Roberts of 3.6 per cent in October 2011 was the result of very few vacancies in a market with a limited supply of rental units.

Average Rents

Overall, the average two bedroom rent was $701 across the five urban centres surveyed. Increases were recorded in every centre. The highest average two bedroom rent recorded was $771 in St. John's, while Bay Roberts posted the lowest average rent at $561. The highest average two bedroom rent recorded outside the St. John's area was $646 in Grand Falls-Windsor. The remaining average two bedroom rents were $584 in Corner Brook and $567 in Gander.

Based on structures common to both the 2010 and 2011 surveys[3], overall average rents increased, with the exception of Bay Roberts, where figures were not available. In St. John's, the average rent increased 5.8 per cent. In Corner Brook, the increase was 5.7 per cent, while in central NL, Gander increased 4.2 per cent and Grand Falls-Windsor increased 1.5 per cent.

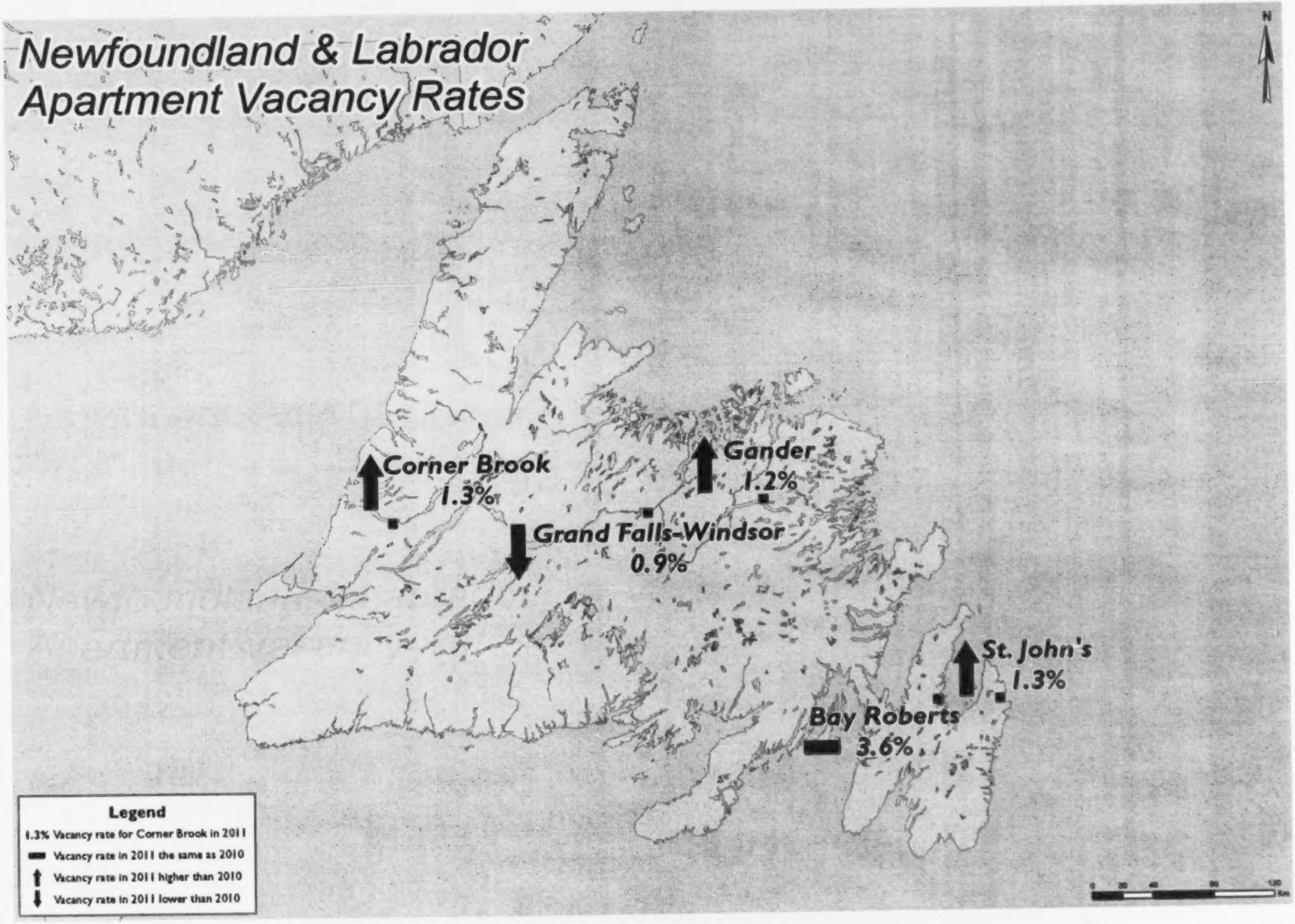
Availability Rates

Consistent with the vacancy rate pattern, the availability rate ranged from a high of 3.6 per cent in Bay Roberts, to a low of 1.2 per cent in the Gander area. The availability rate was 1.3 per cent in Grand Falls-Windsor, while St. John's recorded a rate of 1.8 per cent and Corner Brook posted a 1.3 per cent availability rate.

[1] Based on privately-initiated rental apartments structures of three or more units.

[2] Urban centres are defined as centres with a population of over 10,000. Census metropolitan areas (CMA) are based on Statistics Canada definition.

[3] When comparing year-over-year average rents, the age of the building needs to be taken into consideration because rents in newly-built structures tend to be higher than in existing buildings. By comparing rents for units that are common to both 2010 and 2011 Fall rental market surveys, we can get a better indication of actual rent increases paid by most tenants..


Newfoundland & Labrador
Apartment Vacancy Rates
N
Corner Brook
1.3%
Gander
1.2%
Grand Falls-Windsor
0.9%
St. John's
1.3%
Bay Roberts
3.6%
Legend
1.3% Vacancy rate for Corner Brook in 2011
Vacancy rate in 2011 the same as 2010
Vacancy rate in 2011 higher than 2010
Vacancy rate in 2011 lower than 2010

1.1.1 Private Apartment Vacancy Rates (%)
by Bedroom Type
Newfoundland and Labrador

Centre	Bachelor		1 Bedroom		2 Bedroom		3 Bedroom +		Total	
	Oct-10	Oct-11	Oct-10	Oct-11	Oct-10	Oct-11	Oct-10	Oct-11	Oct-10	Oct-11
St. John's CMA	2.5 a	1.9 a	0.8 a	1.2 a	0.9 a	1.1 a	2.2 b	2.1 a	1.1 a	1.3 a
Bay Roberts CA	n/u	n/u	**	**	**	**	**	**	**	3.6 d
Corner Brook CA	0.0 a	0.0 a	1.6 a	1.7 a	0.4 a	1.1 a	0.0 c	2.5 a	0.7 a	1.3 a
Gander T	**	**	0.0 a	0.8 a	0.5 a	1.5 a	0.0 a	0.0 a	0.3 a	1.2 a
Grand Falls-Windsor CA	**	16.9 a	0.0 c	1.2 a	1.1 a	0.3 a	**	**	1.3 a	0.9 a
Newfoundland & Labrador 10,000+	2.6 a	2.0 a	0.7 a	1.2 a	0.8 a	1.1 a	2.0 b	2.2 a	1.0 a	1.3 a

The following letter codes are used to indicate the reliability of the estimates:
a – Excellent, b –Very good, c – Good, d – Fair (Use with Caution)
** Data suppressed to protect confidentiality or data not statistically reliable.
n/u: No units exist in the universe for this category n/s: No units exist in the sample for this category n/a: Not applicable
Please click Methodology or Data Reliability Tables Appendix link for more details

1.1.2 Private Apartment Average Rents ($)
by Bedroom Type
Newfoundland and Labrador

Centre	Bachelor		1 Bedroom		2 Bedroom		3 Bedroom +		Total	
	Oct-10	Oct-11	Oct-10	Oct-11	Oct-10	Oct-11	Oct-10	Oct-11	Oct-10	Oct-11
St. John's CMA	565 a	583 a	649 a	666 a	725 a	771 a	761 a	819 a	691 a	725 a
Bay Roberts CA	n/u	n/u	**	**	493 a	561 a	**	**	491 a	558 a
Corner Brook CA	435 a	423 a	486 a	507 a	558 a	584 a	656 a	737 a	542 a	570 a
Gander T	**	**	478 a	519 a	554 a	567 a	626 a	663 a	538 a	563 a
Grand Falls-Windsor CA	**	**	507 a	520 a	639 a	646 a	**	**	615 a	625 a
Newfoundland & Labrador 10,000+	553 a	568 a	603 a	629 a	668 a	701 a	732 a	787 a	647 a	679 a

The following letter codes are used to indicate the reliability of the estimates (cv = coefficient of variation):
a – Excellent ($0 \le cv \le 2.5$), b –Very good ($2.5 < cv \le 5$), c – Good ($5 < cv \le 7.5$), d – Fair (Use with Caution) ($7.5 < cv \le 10$)
** Data suppressed to protect confidentiality or data not statistically reliable.
n/u: No units exist in the universe for this category n/s: No units exist in the sample for this category n/a: Not applicable
Please click Methodology or Data Reliability Tables Appendix link for more details

1.1.3 Number of Private Apartment Units in the Universe by Bedroom Type Newfoundland and Labrador

Centre	Bachelor		1 Bedroom		2 Bedroom		3 Bedroom +		Total	
	Oct-10	Oct-11	Oct-10	Oct-11	Oct-10	Oct-11	Oct-10	Oct-11	Oct-10	Oct-11
St. John's CMA	355	363	1,100	1,091	1,740	1,722	291	283	3,486	3,459
Bay Roberts CA	0	0	5	3	28	28	2	1	35	32
Corner Brook CA	21	25	122	113	286	311	39	40	468	489
Gander T	1	1	162	121	432	408	37	37	632	567
Grand Falls-Windsor CA	6	6	80	83	371	380	10	10	467	479
Newfoundland & Labrador 10,000+	**383**	**395**	**1,469**	**1,411**	**2,857**	**2,849**	**379**	**371**	**5,088**	**5,026**

The following letter codes are used to indicate the reliability of the estimates:
a – Excellent, b – Very good, c – Good, d – Fair (Use with Caution)
** Data suppressed to protect confidentiality or data not statistically reliable.
n/u: No units exist in the universe for this category n/s: No units exist in the sample for this category n/a: Not applicable
Please click Methodology or Data Reliability Tables Appendix link for more details

1.1.4 Private Apartment Availability Rates (%) by Bedroom Type Newfoundland and Labrador

Centre	Bachelor		1 Bedroom		2 Bedroom		3 Bedroom +		Total	
	Oct-10	Oct-11	Oct-10	Oct-11	Oct-10	Oct-11	Oct-10	Oct-11	Oct-10	Oct-11
St. John's CMA	2.8 b	2.5 a	1.1 a	1.3 a	1.1 a	1.7 a	2.2 c	3.2 b	1.4 a	1.8 a
Bay Roberts CA	n/u	n/u	**	**	**	**	**	**	**	3.6 d
Corner Brook CA	0.0 a	0.0 a	1.6 a	1.7 a	0.4 a	1.1 a	0.0 c	2.5 a	0.7 a	1.3 a
Gander T	**	**	0.0 a	0.8 a	0.5 a	1.5 a	0.0 a	0.0 a	0.3 a	1.2 a
Grand Falls-Windsor CA	**	53.4 a	0.0 c	1.2 a	1.1 a	0.3 a	**	**	1.3 a	1.3 a
Newfoundland & Labrador 10,000+	**2.9 b**	**3.1 a**	**1.0 a**	**1.3 a**	**0.9 a**	**1.4 a**	**2.0 b**	**3.0 a**	**1.2 a**	**1.6 a**

The following letter codes are used to indicate the reliability of the estimates:
a – Excellent, b – Very good, c – Good, d – Fair (Use with Caution)
** Data suppressed to protect confidentiality or data not statistically reliable.
n/u: No units exist in the universe for this category n/s: No units exist in the sample for this category n/a: Not applicable
Please click Methodology or Data Reliability Tables Appendix link for more details

1.1.5 Private Apartment Estimate of Percentage Change (%) of Average Rent[1] by Bedroom Type Newfoundland and Labrador

Centre	Bachelor				1 Bedroom				2 Bedroom				3 Bedroom +				Total			
	Oct-09 to Oct-10		Oct-10 to Oct-11		Oct-09 to Oct-10		Oct-10 to Oct-11		Oct-09 to Oct-10		Oct-10 to Oct-11		Oct-09 to Oct-10		Oct-10 to Oct-11		Oct-09 to Oct-10		Oct-10 to Oct-11	
St. John's CMA	8.5	a	6.3	a	8.6	a	5.8	a	8.9	a	5.4	a	6.6	a	7.0	b	8.6	a	5.8	a
Bay Roberts CA	n/u		n/u		**		**		**		13.7	d	**		**		**		**	
Corner Brook CA	7.7	b	++		5.2	a	4.7	b	2.4	b	6.2	a	4.0	b	15.6	a	2.9	a	5.7	a
Gander T	n/s		**		5.0	a	6.0	a	4.9	a	4.0	a	8.6	a	4.4	a	5.2	a	4.2	a
Grand Falls-Windsor CA	**		**		2.0	b	0.5	a	2.9	a	1.7	b	**		**		2.8	a	1.5	a
Newfoundland & Labrador 10,000+	8.4	a	5.9	a	7.1	a	5.3	a	7.2	a	5.0	a	7.0	a	7.7	a	7.1	a	5.3	a

[1]The Percentage Change of Average Rent is a measure of the market movement, and is based on those structures that were common to the survey sample for both years.

<u>The following letter codes are used to indicate the reliability of the estimates:</u>
a – Excellent, b – Very good, c – Good, d – Fair (Use with Caution)
** Data suppressed to protect confidentiality or data not statistically reliable.
++ Change in rent is not statistically significant. This means that the change in rent is not statistically different than zero (0).
n/u: No units exist in the universe for this category n/s: No units exist in the sample for this category n/a: Not applicable
Please click Methodology or Data Reliability Tables Appendix link for more details

TECHNICAL NOTE:

Difference between Percentage Change of Average Rents (Existing and New Structures) AND Percentage Change of Average Rents from Fixed Sample (Existing Structures Only):

Percentage Change of Average Rents (New and Existing Structures): The increase/decrease obtained from the calculation of percentage change of average rents between two years (example: $500 in the previous year vs. $550 in current survey represents an increase of 10 percent) is impacted by changes in the composition of the rental universe (e.g. the inclusion of newly built luxury rental buildings in the survey, rental units renovated/upgraded or changing tenants could put upward pressure on average rents in comparison to the previous year) as well as by the rent level movement (e.g. increase/decrease in the level of rents that landlords charge their tenants).

Percentage Change of Average Rents from Fixed Sample (Existing Structures Only): This is a measure that estimates the rent level movement. The estimate is based on structures that were common to the survey sample for both the previous year and the current Rental Market Surveys. However, some composition effects still remain e.g. rental units renovated/upgraded or changing tenants because the survey does not collect data to such level of details.

METHODOLOGY FOR RENTAL MARKET SURVEY

Canada Mortgage and Housing Corporation (CMHC) conducts the **Rental Market Survey** (RMS) every year in April and October to estimate the relative strengths in the rental market. The survey is conducted on a sample basis in all urban areas with populations of 10,000 and more. The survey targets only privately initiated structures with at least three rental units, which have been on the market for at least three months. The survey collects market rent, available and vacant unit data from sampled structures. Most RMS data contained in this publication refer to privately initiated apartment structures.

The survey is conducted by a combination of telephone interviews and site visits, and information is obtained from the owner, manager, or building superintendent. The survey is conducted during the first two weeks of April/October, and the results reflect market conditions at that time.

CMHC's Rental Market Survey provides a snapshot of vacancy and availability rates, and average rents in both new and existing structures. In October 2006, CMHC introduced a new measure for the change in rent that is calculated based on existing structures only. This estimate is based on structures that were common to the survey sample the previous year and the current year of the Rental Market Survey. The change in rent in existing structures is an estimate of the change in rent that the landlords charge and removes compositional effects on the rent level movement due to new buildings, conversions, and survey sample rotation. The estimate of per cent change in rent is available in the Rental Market Report – Canada Highlights , Provincial Highlights, and the local Rental Market Reports. The rent levels in new and existing structures are also published. While the per cent change in rents in existing structures published in the reports are statistically significant, changes in rents that one might calculate based on rent levels in new and existing structures may or may not be statistically significant.

METHODOLOGY FOR SECONDARY RENTAL MARKET SURVEY

Canada Mortgage and Housing Corporation (CMHC) conducts a survey of the **Secondary Rental Market** (SRMS) in September and October to estimate the relative strengths in the secondary rental market which is defined as those dwellings not covered by the regular RMS. CMHC has identified the following dwelling components to be included in SRMS:

• Rented single-detached houses.
• Rented double (semi-detached) houses (i.e.. Two units of approximate equal size and under one roof that are situated either side-by-side or front-to-back).
• Rented freehold row/town homes.
• Rented duplex apartments (i.e.. one-above-other).
• Rented accessory apartments (separate dwelling units that are located within the structure of another dwelling type).
• Rented condominiums (can be any dwelling type but are primarily apartments).
• One or two apartments which are part of a commercial or other type of structure.

The SRMS has three components which are conducted in selected CMAs:

• A Household Rent Survey of all households to collect information about rents.
• A Condominium Apartment Rent Survey of households living in condominium apartments to collect information about rents.
• A Condominium Apartment Vacancy Survey of condominium apartment owners to collect vacancy information.

All three surveys are conducted by telephone interviews. For the condominium apartment vacancy survey, information is obtained from the owner, manager, or building superintendent and can be supplemented by site visits if no telephone contact is made. For the other two surveys, information is collected from an adult living in the household. All surveys are conducted in September and October, and the results reflect market conditions at that time.

CMHC publishes the number of units rented and vacancy rates for the condominium vacancy survey. For the condominium rent and household rent surveys, the average rent is published. A letter code representing the statistical reliability (i.e., the coefficient of variation (CV)) for each estimate is provided to indicate the data reliability. Rented condominium apartments were surveyed in the following CMAs: Vancouver, Victoria, Calgary, Edmonton, Regina, Saskatoon, Winnipeg, Toronto, Ottawa, Montréal and Québec (NOTE: condo rent data was not collected for Regina and Saskatoon). Other secondary rental market units were surveyed in Abbotsford, Barrie, Calgary, Edmonton, Halifax, Montréal, Ottawa, Québec, St. John's, Toronto, Winnipeg, Regina, Saskatoon, Kelowna, Vancouver and Victoria.

DEFINITIONS

Availability: A rental unit is considered available if the existing tenant has given, or has received, notice to move, and a new tenant has not signed a lease; or the unit is vacant (see definition of vacancy below).

Rent: The rent refers to the actual amount tenants pay for their unit. No adjustments are made for the inclusion or exclusion of amenities and services such as heat, hydro, parking, and hot water. For available and vacant units, the rent is the amount the owner is asking for the unit.

It should be noted that the average rents reported in this publication provide a sound indication of the amounts paid by unit size and geographical sector. Utilities such as heating, electricity and hot water may or may not be included in the rent.

Rental Apartment Structure: Any building containing three or more rental units, of which at least one unit is not ground oriented. Owner-occupied units are not included in the rental building unit count.

Rental Row (Townhouse) Structure: Any building containing three or more rental units, all of which are ground oriented with vertical divisions. Owner-occupied units are not included in the rental building unit count. These row units in some centres are commonly referred to as townhouses.

Vacancy: A unit is considered vacant if, at the time of the survey, it is physically unoccupied and available for immediate rental.

Definitions of Census Areas referred to in this publication are as follows:

A census metropolitan area (CMA) or a census agglomeration (CA) is formed by one or more adjacent municipalities centred on a large urban area (known as the urban core). The census population count of the urban core is at least 10,000 to form a census agglomeration and at least 100,000 to form a census metropolitan area. To be included in the CMA or CA, other adjacent municipalities must have a high degree of integration with the central urban area, as measured by commuting flows derived from census place of work data. CMAs and CAs contain whole municipalities or Census Subdivisions.

All data presented in this publication is based on Statistics Canada's 2001 and 2006 Census area definitions.

Acknowledgement

The Rental Market Survey and the Secondary Rental Market Survey could not have been conducted without the cooperation of the rental property owners, managers, building superintendents and household members throughout Canada. CMHC acknowledges their hard work and assistance in providing timely and accurate information. As a result of their contribution, CMHC is able to provide information that benefits the entire housing industry.

Rental Affordability Indicator

Canada Mortgage and Housing Corporation has developed a rental affordability indicator to gauge how affordable a rental market is for those households which rent within that market. A centre's median income is divided by the level of income required for a household to rent a median priced two-bedroom apartment using 30 per cent of income. The result is then multiplied by 100. A value above 100 indicates that less than 30 per cent of the median income is required to rent a two-bedroom apartment, conversely, a value below 100 indicates that more than 30 per cent of the median income is required to rent the same unit. In general, as the indicator increases, the market becomes more affordable; as the indicator declines, the market becomes less affordable. For years for which the median income is not available, CMHC has developed forecasts.

Median renter household income estimates used in the calculation of the rental affordability indicator are based on results of Statistics Canada's Survey of Labour and Income Dynamics. Results for this survey are available from 1994 to 2009. CMHC has developed forecasts of median renter household income for 2010 and 2011. It should be noted that nominal values for both median rent and median incomes have been used to calculate the rental affordability indicator.

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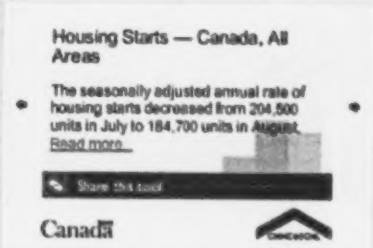

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